

1

2

3

4

5

6

7

IN THE UNITED STATES DISTRICT COURT

8

FOR THE NORTHERN DISTRICT OF CALIFORNIA

9

10

FUJITSU LIMITED, a Japanese corporation, and FUJITSU MICROELECTRONICS AMERICA, INC., a California corporation,

No. C 06-6613 CW

11

12

Plaintiffs,

ORDER GRANTING FUJITSU'S MOTION TO DISMISS KLA-TENCOR'S COMPLAINT

13

v.

14

15

16

NANYA TECHNOLOGY CORP., a Taiwanese corporation, and NANYA TECHNOLOGY CORP., U.S.A., a California corporation,

Defendants.

17

18

19

20

Fujitsu Limited and Fujitsu Microelectronics America, Inc. move to dismiss the claims brought against them by KLA-Tencor Corp. KLA opposes the motion. The matter was heard on August 7, 2008. Having considered oral argument and all of the papers submitted by the parties, the Court grants Fujitsu's motion.

21

22

23

24

BACKGROUND

25

26

27

28

On September 13, 2006, Nanya Technology Corp. filed a lawsuit against Fujitsu in the District of Guam alleging antitrust

1 violations and infringement of three of Nanya's patents, and
2 seeking a declaration that it did not infringe any of fifteen of
3 Fujitsu's patents. A month later, Fujitsu filed suit against Nanya
4 in this Court alleging infringement of five patents, all of which
5 were among the fifteen patents in the Guam action. The Guam case
6 was eventually transferred to the Northern District of California
7 and consolidated with Fujitsu's case against Nanya.

8 Among the patents Nanya is accused of infringing is U.S.
9 Patent No. 6,104,486 (the '486 patent). This patent claims a
10 method of measuring the lateral size of features on a semiconductor
11 substrate using a technique called ellipsometry. Using the method,
12 it is possible to measure very small features with a high degree of
13 accuracy.

14 Fujitsu accuses Nanya of infringing the '486 patent in the
15 course of manufacturing dynamic random access memory by using a
16 device manufactured by KLA, the SpectraCD. The SpectraCD includes
17 an ellipsometer, but Fujitsu does not, at the present time, contend
18 that KLA's sale of the SpectraCD infringes the '486 patent. This
19 is ostensibly because the SpectraCD may be used in a number of ways
20 that Fujitsu admits, based on its current knowledge, do not
21 infringe the patent.

22 In January, 2008, Nanya filed a third-party complaint against
23 KLA seeking indemnification for any damages Fujitsu is awarded for
24 Nanya's infringement of the '486 patent. In March, 2008, KLA filed
25 a new lawsuit against Fujitsu in the Northern District of
26 California, seeking a declaration that it does not infringe the
27 '486 patent and that the patent is invalid. The new action was
28

1 consolidated with the present one. Fujitsu now moves to dismiss
2 KLA's claims, arguing that the Court lacks subject matter
3 jurisdiction over them because there is no case or controversy
4 between KLA and Fujitsu. In the alternative, Fujitsu moves for a
5 more definite statement.

LEGAL STANDARD

7 Subject matter jurisdiction is a threshold issue which goes to
8 the power of the court to hear the case. Federal subject matter
9 jurisdiction must exist at the time the action is commenced.

10 Morongo Band of Mission Indians v. Cal. State Bd. of Equalization,
11 858 F.2d 1376, 1380 (9th Cir. 1988). A federal court is presumed
12 to lack subject matter jurisdiction until the contrary
13 affirmatively appears. Stock W., Inc. v. Confederated Tribes, 873
14 F.2d 1221, 1225 (9th Cir. 1989).

Dismissal is appropriate under Rule 12(b)(1) when the district court lacks subject matter jurisdiction over the claim. Fed. R. Civ. P. 12(b)(1). A Rule 12(b)(1) motion may either attack the sufficiency of the pleadings to establish federal jurisdiction, or allege an actual lack of jurisdiction which exists despite the formal sufficiency of the complaint. Thornhill Publ'g Co. v. Gen. Tel. & Elecs. Corp., 594 F.2d 730, 733 (9th Cir. 1979); Roberts v. Corrothers, 812 F.2d 1173, 1177 (9th Cir. 1987).

DISCUSSION

24 The Declaratory Judgment Act, in accordance with Article III
25 of the Constitution, requires an "actual controversy" before the
26 Court "may declare the rights and other legal relations of any
27 interested party seeking such declaration." 28 U.S.C. § 2201(a).

1 Until relatively recently, the Federal Circuit required that, in
2 order to prove an actual controversy, a plaintiff had to establish
3 that the defendant's conduct created an objectively "reasonable
4 apprehension" that the defendant would initiate suit imminently if
5 the plaintiff continued the allegedly infringing activity. See
6 Teva Pharm. USA, Inc. v. Novartis Pharm. Corp., 482 F.3d 1330,
7 1334-36 (Fed. Cir. 2007).

8 In MedImmune, Inc. v. Genentech, Inc., 549 U.S. 118, 127 S.
9 Ct. 764 (2007), however, the Supreme Court noted that the Federal
10 Circuit's "reasonable apprehension of imminent suit" test
11 conflicted with several cases in which the Supreme Court had found
12 that a declaratory judgment plaintiff had a justiciable
13 controversy. 127 S. Ct. at 774 n.11. The Supreme Court instructed
14 that, although there is no bright-line rule for distinguishing
15 cases that satisfy the actual controversy requirement from those
16 that do not, all that is required is:

17 that the dispute be definite and concrete, touching the
18 legal relations of parties having adverse legal
19 interests; and that it be real and substantial and admit
20 of specific relief through a decree of a conclusive
21 character, as distinguished from an opinion advising what
22 the law would be upon a hypothetical state of facts.
23 . . . Basically, the question in each case is whether the
24 facts alleged, under all the circumstances, show that
25 there is a substantial controversy, between parties
26 having adverse legal interests, of sufficient immediacy
27 and reality to warrant the issuance of a declaratory
28 judgment.

Id. at 771 (citations and internal quotation marks omitted).

Following MedImmune, the Federal Circuit recognized that the Supreme Court did not approve of its reasonable apprehension of imminent suit test. Sandisk Corp. v. STMicroelectronics, Inc., 480

1 F.3d 1372, 1380 (Fed. Cir. 2007); Teva, 482 F.3d at 1340. The
2 Federal Circuit discarded its "reasonable apprehension" requirement
3 and adopted MedImmune's "all circumstances" test. Teva, 482 F.3d
4 at 1339 ("[W]e follow MedImmune's teaching to look at 'all the
5 circumstances' . . . to determine whether Teva has a justiciable
6 Article III controversy."). Under the new test, "Article III
7 jurisdiction may be met where the patentee takes a position that
8 puts the declaratory judgment plaintiff in the position of either
9 pursuing arguably illegal behavior or abandoning that which he
10 claims a right to do." SanDisk, 480 F.3d at 1381. As one district
11 court has noted, this change in the law with respect to the now-
12 defunct "reasonable apprehension" requirement has "in effect
13 lower[ed] the bar for a plaintiff to bring a declaratory judgment
14 action in a patent dispute." Frederick Goldman, Inc. v. West, 2007
15 WL 1989291, at *3 (S.D.N.Y.).

16 Fujitsu contends that, even under the Federal Circuit's
17 revised standard, there is no actual controversy between it and
18 KLA, and, therefore, the Court does not have jurisdiction over
19 KLA's declaratory judgment claims. It is significant that Fujitsu
20 has never accused KLA itself of infringing the '486 patent.
21 Rather, Fujitsu accuses Nanya of using the SpectraCD device in a
22 way that infringes the patent. Because the '486 patent is a method
23 patent whereas the SpectraCD is a product, the fact that Nanya
24 might infringe the patent by using the SpectraCD in a particular
25 way does not necessarily imply that KLA's sale of the SpectraCD to
26 Nanya likewise infringes; the parties agree that the SpectraCD has
27 substantial non-infringing uses. Nor has Fujitsu accused KLA of
28

1 inducing Nanya to infringe the '486 patent. Thus, while there is a
2 controversy between Fujitsu and Nanya, there is no controversy
3 between Fujitsu and KLA.

4 It is true that, under some circumstances, a declaratory
5 judgment defendant's litigation against the customers of the
6 declaratory judgment plaintiff can support a finding that a
7 controversy exists between the parties, particularly where the
8 plaintiff has an obligation to indemnify its customers. See WS
9 Packaging Group, Inc. v. Global Commerce Group, LLC, 505 F. Supp.
10 2d 561, 566 (E.D. Wis. 2007). However, in every case cited by KLA
11 finding a controversy under such circumstances, the defendant
12 asserted infringement claims against the plaintiff's customers
13 based on facts which, if the customer's infringement were proven,
14 would compel the conclusion that the plaintiff itself had also
15 infringed. This is not the case here. Although KLA posits that
16 Fujitsu's theory of infringement is based on Nanya's use of the
17 SpectraCD in accordance with KLA's instructions, KLA has not made a
18 sufficient showing that a finding of infringement on Nanya's part
19 would necessarily imply that KLA induced Nanya's infringement. In
20 addition, although KLA maintains that a controversy exists by
21 virtue of Fujitsu's alleged strategy of indirectly attacking KLA by
22 suing its customers, it has not shown that infringement suits by
23 Fujitsu threaten a significant portion of its SpectraCD business or
24 that its customers generally are at risk of being accused of
25 infringing simply by using the SpectraCD. Moreover, granting KLA's
26 request for a declaration of non-infringement would not necessarily
27 prevent Fujitsu from employing its alleged strategy in the future;

1 a declaration that KLA itself does not infringe the '486 patent
2 through its sale of the SpectraCD would not preclude a lawsuit
3 charging KLA's customers with infringing the patent through their
4 use of the SpectraCD.

5 Finally, in its answer to Nanya's third-party complaint for
6 indemnity, KLA asserts as affirmative defenses that it does not
7 infringe the '486 patent and that the patent is invalid. Thus, KLA
8 will have an opportunity to litigate the issues raised in its
9 declaratory judgment complaint to the extent necessary to protect
10 its interests.

11 The Court concludes that, considering the totality of the
12 circumstances, no substantial controversy exists between KLA and
13 Fujitsu. Accordingly, the Court lacks jurisdiction over KLA's
14 complaint for a declaratory judgment.

15 CONCLUSION

16 For the foregoing reasons, the Court GRANTS Fujitsu's motion
17 to dismiss KLA's complaint. The complaint is dismissed without
18 prejudice. The parties shall bear their own costs.

19 IT IS SO ORDERED.

20

21

22 Dated: 8/12/08

Claudia wilken

23 CLAUDIA WILKEN
United States District Judge

24

25

26

27

28